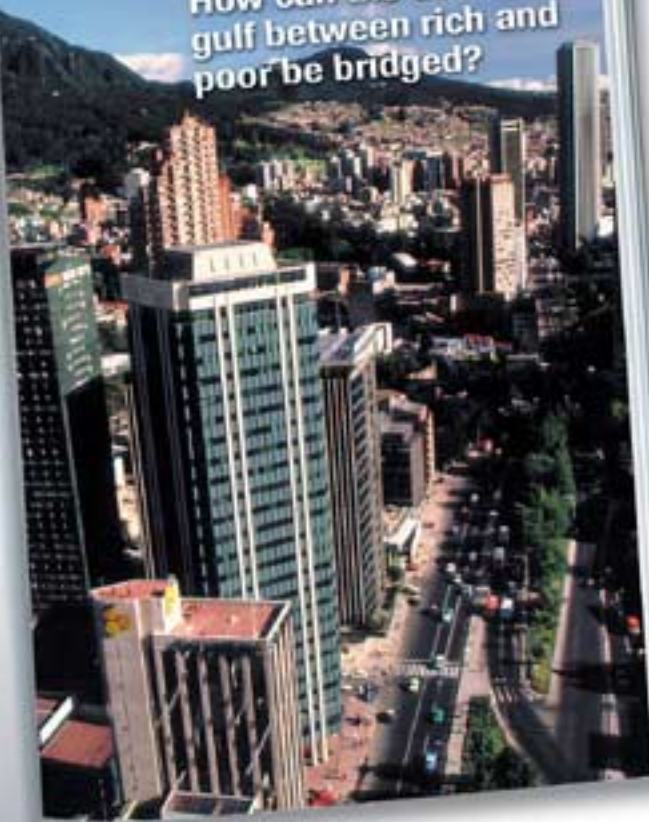




CASE STUDY

THE INCOME GAP

How can the economic gulf between rich and poor be bridged?



Bogotá, Colombia's glittering financial district

Along the oceanfront in Rio de Janeiro, Brazil, gleaming office buildings and hotels share the boulevards with trendy restaurants and exclusive shops.

Behind all this glitter and glamour, however, is another world, hidden from sight—the *favelas*, or slums, of Rio. Here, the poor live among swamps and garbage dumps, and on barren hillsides.

These contrasting conditions are evidence of what economists call an income gap. This is the difference between the quality of life enjoyed by the rich and the poor. In many Latin American countries, the gap is widening. Some solutions have been proposed for this problem.

The Nature of the Problem

As you've learned in this unit, the income gap in Latin America has many causes, some of which reflect the impact of colonialism in the region. There are three angles to exploring the income gap: it is a moral issue, an economic dilemma, and a political problem.

A MORAL ISSUE Some people argue that Latin America's income gap raises important ethical questions. How can any caring society, they ask, justify vast wealth in the hands of a few while most people live in poverty from which they will likely never escape? The Catholic Church and other religious faiths in Latin America have argued that narrowing the gap between rich and poor is more than just an economic necessity; it is a matter of social justice.

AN ECONOMIC DILEMMA Most Latin American countries now have free-market economies with a minimum of government rules. A free-market economy offers many people the freedom and rewards they need to create wealth. However, in Latin America the poor often lack the basic skills that would make taking part in the economy possible.

Often, the poor have little education. Many cannot read. Most cannot find jobs. Those who find work may end up sweeping streets or shining shoes. Conditions in the slums breed disease and encourage crime. In fact, the life spans of slum dwellers are shorter than those of the middle and upper classes. To the poor of Latin America, the doors to economic equality appear shut.

A POLITICAL PROBLEM Poverty can make people desperate. Those who think they have nothing to lose are sometimes willing to take great risks.



SEE

PRIMARY SOURCE C

Throughout history, battles have been waged and governments have been overthrown by citizens protesting what they regard as an unjust society in which a few have too much while the many have too little.

Argentina, Bolivia, Brazil, Colombia, El Salvador, and Guatemala have all seen bloody rebellions put down by harsh military measures. In the process, human rights and human dignity have been violated. The story is usually the same. The rebels seek economic justice, and the military protects the wealthy. Clearly, attitudes will have to change before the poor in Latin America will be able to participate fully in their nations' economies. Some attitudes are already changing as, for example, more money is going to education.

REGION A girl plays amid garbage and polluted water in Belém, Brazil.

What do the photographs on these pages suggest about the distribution of money in the region?

Possible Solutions

The income gap in Latin America varies from one country to another. For example, according to a recent report issued by the United Nations' Development Program, nearly 45 percent of all Brazilians live in poverty, existing on less than two dollars a day. In Ecuador, Paraguay, and Uruguay, on the other hand, the income gap is much narrower than it is in Brazil.

SEE

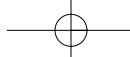
PRIMARY SOURCE A

EDUCATION, POLITICS, AND ECONOMICS Many of the countries of the region have put in place free-market economies that they hope will eventually help to narrow the gap by providing economic opportunity and stability for all citizens.

Along with market economies, democracy is now seen by many countries as an essential part of the equation needed to achieve widespread prosperity. Democracy provides an outlet for protest and opposition so that policies can be adjusted to reflect the will of the majority of the people.

Finally, education is an important part of the mix. A literate, well-educated population will be needed to fill the jobs that will become available in an increasingly complex economy. A case study project on the income gap follows on the next two pages.





CASE STUDY

PROJECT

Primary sources A, B, C, and D offer information about the income gap in Latin America. Use these resources along with your own research to prepare a multimedia report. The report should define the income gap, personalize it with accounts from the very poor, and identify possible solutions.



RESEARCH LINKS
CLASSZONE.COM

Multimedia Report

Suggested Steps

1. Research possible solutions or initiatives to deal with the income gap in Latin America.
2. Use video, audio, online, and print resources to research your topic.
3. Think about the following questions during your research:
 - What are the roots of the income gap?
 - How does the income gap hinder the participation of the poor in national economies?
 - What are some possible solutions to the problem?

4. Create charts and graphs and use videotapes, audio CDs, and other electronic media to make your report clear and convincing.
5. Prepare a brief talk to introduce and explain your topic.

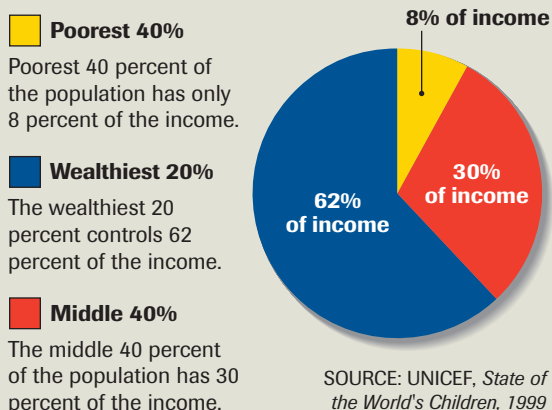
Materials and Supplies

- Reference books, newspapers, and magazines
- Computer with Internet access
- Printer
- VCR and television
- CD player

PRIMARY SOURCE A

Graph This pie graph shows income distribution in Latin America. The gap was wider at the end of the 1990s than at the end of the 1970s.

Income Distribution in Latin America



PRIMARY SOURCE B

Cable News Story For the homeless children of Rio de Janeiro, the income gap is more than just an economic hardship. It is a matter of life and death, as detailed in this report filed by CNN correspondent Marina Marabella.

April 29, 1996—Four men, including three police officers, went on trial in Rio Monday for the 1993 slaying of eight street children. The murder, the worst massacre of children on record in Brazil, took place outside Candelaria Cathedral in the city center. . . .

Of all the dangers faced by Rio's homeless children, the one they fear the most is being murdered by death squads while they sleep. "When we can, we sleep during the day," said Ricardo, 13. "It's too risky at night." . . .

Yvonne Bezerra de Mello has spent years helping Brazil's estimated 2,000 to 3,000 street children. "Until now, no policemen were ever convicted for killing street kids. This is a very good step for Brazilian justice," she said.

She and other human rights activists say the death squads that murder Brazil's homeless children are hired by shopkeepers and others to get rid of those suspected of stealing. . . .

[O]fficial police estimates say about 500 of Rio's homeless children are murdered each year.

PRIMARY SOURCE C

Newspaper Report On September 5, 2000, Steven Gutkin filed this story from Caracas, Venezuela, to The Times of India Online. It shows clearly that the consequences of the income gap can be found throughout Latin America.

Caracas—The Sambil shopping mall in eastern Caracas is Latin America's largest. It boasts 450 stores, two movie theatres, an amusement park, a 30,000-gallon aquarium—and a McDonald's where Big Macs cost a half day's pay for the average Venezuelan worker.

A slum just a few miles to the west has open sewers running alongside tin shacks perched on unstable hillsides, flies buzzing in uncollected garbage and idle young men nursing bullet wounds. Blanca Vera, 65, lifts her baby granddaughter's blouse to reveal blotches on her tiny stomach. "This is from the pollution," she says.

[I]nequality of wealth and opportunity is a huge obstacle to development in Latin America. The existence of so many have-nots threatens to undermine the success of the region's two great experiments of recent years: democracy and free markets.

In Chile, the highest-paid 6 percent of workers get 30 percent of salaries, while 75 percent of workers get just 4 percent, according to the United Nations' Economic Commission for Latin America and the Caribbean.

Some blame the growing inequality on globalization. . . . Yet most economists say the real culprit is not globalization but misguided state policies that deprive the poor of a decent education, fail to collect taxes, and encourage corruption.

There's another factor that's harder to define but likely is just as real: a culture of elitism that regards poor people as unworthy. "You can't operate in a globalized economy with a narrow, tiny elite sector that has absolutely no connection or appreciation of the vast majority of people in society," says Michael Shifter, a Latin America specialist at the Washington-based Inter-American Dialogue.

PRIMARY SOURCE D

Magazine Article There are some initiatives to deal with the consequences of poverty. A reporter for the British magazine, The Economist, wrote about a program in Pôrto Alegre, Brazil, to help street children.

"Is it true that in your country parents can be jailed for beating their children?" 16-year-old Jose asks your correspondent. Clearly there is no need to ask what made him run away from home, to become, briefly, one of Brazil's "street children." Luckily for him, the city on whose streets he ended up sleeping is Pôrto Alegre. Its municipal council this year, for the second year running, won an award given by the Abrinq Foundation, a Brazilian children's rights charity, to the local authority with the best social services for children. After only a short while on the streets, Jose now sleeps in a council-run dormitory and spends most of his days in the city's "Open School," which allows current and former street children to come and go as they please, aiming gradually to draw them back to something like a normal life and perhaps to an education. . . .

Pôrto Alegre is one of a handful of cities . . . that are trying. The services they offer are modest: a shelter where the children can sleep, eat, and wash; a day center staffed with a few teachers, drug counsellors, and so on; and some staff to patrol the streets at night looking for children in need.

PROJECT Checklist

Have I . . .

- ✓ fully researched my topic?
- ✓ searched for a mix of media sources from which to build my report?
- ✓ created informative visuals that make my report clear and convincing?
- ✓ practiced the delivery of my presentation?
- ✓ made sure that I am familiar with the video and audio equipment I plan to use?